

Building Sustainable Urban Communities in Ontario



Mark Winfield

Building Sustainable Urban Communities in Ontario:

A Provincial Progress Report

By Mark S. Winfield, PhD.
Director, Environmental Governance

the **PEMBINA**
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About the Pembina Institute

The Pembina Institute is an independent, not-for-profit environmental policy research and education organization specializing in the fields of sustainable energy, community sustainability, climate change and corporate environmental management. Founded in 1985 in Drayton Valley Alberta, the Institute now has offices in Calgary, Edmonton, Vancouver, Ottawa and Toronto.

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1. Introduction



EMMON MACMAHON

The past 18 months have been a period of major change regarding provincial policies on urban growth and development in Ontario. The October 2003 election brought with it a new provincial government that had made extensive commitments to the environmental, social, and economic sustainability of the province's urban communities in its election platform. These commitments included:¹

- The allocation of two cents per litre of the provincial gasoline tax revenues to municipalities for public transit. This was projected to result in a contribution of \$312 million per year
- The establishment of clear planning rules to ensure that the Ontario Municipal Board (OMB) follows provincial policy and the reform of the OMB process, which would include giving municipalities more time to consider development applications and to prevent developers from forcing unwanted municipal expansion
- The protection of one million acres of green space and farmland through the use of tax credits, easements, land trusts, land swaps, and new park designations, working with conservation authorities, nature organizations, farmers, municipalities, and other landowners
- The development of a long-term plan for managing growth responsibly in the Golden Horseshoe, taking into account expected population growth and infrastructure needs, and without developing areas that provide food, water, and recreation
- The establishment of a 600,000-acre greenbelt in the Golden Horseshoe from Niagara Falls to Lake Scugog, under the authority of a Greenbelt Commission
- The provision of infrastructure funding to priority growth areas such as city centres and urban nodes, not to greenfields development
- The establishment of requirements that developers pay their "fair share" of the costs of new development
- The promotion of brownfields redevelopment
- The creation of a Greater Toronto Transportation Authority to identify and meet GTA transportation needs on a region-wide basis
- The enactment of source water protection legislation, protecting lands that surround water sources

The focus on urban sustainability issues during the election was not surprising. Economic and population growth in Ontario are very strongly concentrated in the Golden Horseshoe, bounded by Kitchener-Waterloo in the west, Peterborough in the east, Barrie in the north, and Fort Erie in the south. More than 90% of the province's population growth occurred in the region from 1996 to 2001.² The region saw the largest growth in employment in the province over the same five years.³

Unfortunately, the primary urban development pattern in the Golden Horseshoe region has been what is widely referred to as urban sprawl. Urban developments in the region have been dominated by:⁴

- The concentration of development at the outer edges of urban communities where it consumes farmland and green space
- Low-density residential, commercial, and industrial development patterns with strong separations between these land uses

Table 1: The Impact of Business-as-Usual Urban Sprawl in the Toronto-Related Region

Issue	Impact
Population	<ul style="list-style-type: none"> The region's population will grow from 7.4 million in 2000 to 10.5 million in 2031, an increase of 43%.⁹
Land use	<ul style="list-style-type: none"> In the region, 1,070 square kilometres of land will be urbanized. This is almost double the area of the City of Toronto and represents a 45% increase in the amount of urbanized land in the region. Of the land on which this urban growth will occur, 92% will be Class 1, 2, or 3 agricultural lands as classified by the Canada Land Inventory; 69% will be Class 1 land.
Transportation	<ul style="list-style-type: none"> Automobile ownership in the region will increase by 50% to 19 million vehicles. The cost of delays due to traffic congestion, principally in the 905 region surrounding Toronto, will increase from about \$1 billion per year to \$3.8 billion per year. Daily vehicle kilometres of auto travel in the region will increase by 64%. Costs associated with automobile accidents, reflecting this increase in auto travel, will rise from \$3.8 billion in 2000 to \$6.3 billion in 2031. Reflecting the low levels of public transit use in the regions outside of the City of Toronto, where most of the growth will occur, the total public transit modal share will decrease by 11% (public transit modal share for Toronto: 28%; public transit modal share for surrounding area: 5.4%). Emissions of transportation-related greenhouse gases (GHG) are projected to increase by 42%. Reflecting reliance on the automobile for transportation, GHG emissions in new suburban areas are projected to increase 526% relative to their current levels.
Infrastructure	<ul style="list-style-type: none"> Projections suggest that \$33 billion in new investments will be needed in water and waste water treatment infrastructure. Between 2000 and 2031, \$43.8 billion in investments in transportation infrastructure are projected. Of these investments, 68% are projected to be in roads and highways under business-as-usual scenarios.

- The occurrence of development on a large-block basis with the blocks defined by high capacity arterial roads and with road patterns within each block that make direct travel difficult
- The development of communities that lack identifiable centres or focal points, or a distinctive sense of place.

In York Region, north of the City of Toronto, for example, more than 80% of the existing housing stock consists of detached single family dwellings,⁵ and 79% of trips made by the region's population are by automobile.⁶

1.1. The Consequences of “Business as Usual”

The environmental, social and economic consequences of continuing these sprawling development patterns are increasingly well documented. In August 2002, the Neptis Foundation (www.neptis.org) analyzed and offered projections of the impact of land use, transportation, and infrastructure associated

with the continuation of business-as-usual development patterns in the Toronto-related region⁷ over the next 30 years.⁸ These projections are summarized in Table 1 (above).

The Neptis Foundation's analysis highlighted the costs of continuing current development patterns in terms of the loss of agricultural lands and ecologically significant areas, increased traffic congestion, increased transportation-related greenhouse gas emissions, and infrastructure construction and maintenance costs.

1.2 The Smart Growth Alternative

The new government's platform commitments reflected the emergence of a strong consensus regarding the need to address the environmental, economic, and social impact of existing urban development patterns among academic researchers,¹⁰ financial institutions,¹¹ business organizations,¹² government agencies, environmental¹³ and community groups, and the previous government's own Central Region Smart Growth Panel.¹⁴

Table 2: Smart Growth vs. Business-as-Usual Urban Development Principles¹⁵

Feature	Smart Growth	Business as Usual
Land-use density	Higher density, clustered.	Lower density, dispersed.
Development location	Infill (brownfields and greyfields).	Urban periphery (greenfields).
Land-use mix	Well mixed. Employment, shopping, services, recreation, schools within walking distances of residential areas. Provides a variety of housing options for different income levels.	Homogeneous, not mixed. Strong separations among residential, employment, commercial land uses, usually requiring motorized travel between areas focused on different uses. Strong separations between different housing types for different income levels.
Scale	Human scale. Smaller buildings, blocks, and roads. Attention to detail as people experience landscape up close, as pedestrians.	Larger scale. Larger buildings, blocks, and roads. Less attention to detail as people experience the landscape at a distance, from cars.
Public services	Local, distributed, smaller. Accommodates walking access.	Regional, consolidated, larger. Requires automobile access.
Transportation	Multi-modal—supports walking, cycling, and public transit.	Automobile-oriented—poorly suited for walking, cycling, and public transit.
Connectivity	Highly connected roads, sidewalks, and paths, allowing direct travel by motorized and non-motorized modes.	Hierarchical road network with many unconnected roads and walkways, and barriers to non-motorized travel.
Streets	Designed to accommodate a variety of activities—traffic calming.	Designed to maximize motor vehicle traffic volume and speed.
Planning process	Planned—coordinated between jurisdictions and stakeholders.	Unplanned—little coordination between jurisdictions and stakeholders.
Public space	Emphasis on the public realm (streetscapes, pedestrian areas, public parks, public facilities).	Emphasis on the private realm (yards, shopping malls, gated communities, private clubs).
Natural Heritage	Protection of key natural heritage, source water features, with strong connectivity among features and systems.	Fragmentation/development of natural heritage and source water features, with poor connectivity among remaining features.

The alternative approaches to managing population and economic growth in the region that have been advanced by these groups have been variously described using the terms “urban sustainability” or “smart growth,” but all focus on the principles outlined in Table 2 (above).

The implementation of policies based on these smart growth principles would carry with them a series of mutually reinforcing benefits. Many of these benefits flow from the reductions in per capita automobile travel and land consumption that would result from the implementation of smart growth principles. The benefits are cumulative and synergistic.¹⁶

1.3. The Legacy of the Past

The Pembina Institute’s February 2003 report “Smart Growth in Ontario: The Promise vs. Provincial Performance” outlined a provincial policy framework for urban development reflecting smart growth and urban sustainability principles. The study focused on five key areas of provincial influence on urban development: land-use planning; provincial infrastructure funding; fiscal and taxation issues; sustainable energy policies; and governance structures.

The Pembina Institute published follow-up studies in August 2003,¹⁷ December 2003,¹⁸ and June 2004¹⁹ assessing the status of existing provincial poli-

cies in these areas against the smart growth framework outlined in February 2003.

The previous government of Ontario launched a high profile, smart growth initiative in April 2001. A number of positive steps were taken over the following two years. These included the announcement of the partial restoration of provincial capital funding for public transit from September 2001 onwards,²⁰ and the adoption of the Oak Ridges Moraine Conservation Act and Oak Ridges Moraine Conservation Plan in December 2001.

On the whole, however, the Pembina Institute's studies found that the provincial land-use, infrastructure, and fiscal policies that promoted and facilitated automobile-dependent urban sprawl in southern Ontario remained largely in place.

The Province initiated a review of the Provincial Policy Statement (PPS) made under the *Planning Act* in July 2001, but no action was taken to revise the 1996 version of the statement before the 2003 election. The 1996 PPS had been widely criticized for removing provisions from the 1995 PPS intended to curb urban sprawl, promote the use of transportation alternatives to the automobile, and protect prime agricultural land and ecologically significant areas.²¹ Similarly, 1996 amendments to the *Planning Act* that had eliminated the requirement contained in the version of the Act adopted in 1994 for planning decisions to be "consistent with" provincial policy were left in place. The removal of the consistency requirement effectively created a vacuum regarding provincial policy direction to municipalities and provincial agencies on land-use planning.

The same amendments to the *Planning Act* also permitted development proponents to initiate appeals to the Ontario Municipal Board if municipal councils did not deal with their applications for official plan amendments and development approvals within set time frames. These amendments to the act created a situation where municipalities felt they had no choice but to approve development applications or risk having them approved by the OMB.²²

The previous government had presented a \$1 billion per year highway construction program focused on the Greater Toronto and Niagara regions as the centrepiece of its infrastructure investments in support of smart growth. The program, whose major elements are shown in Map 1, included

- The eastward extension of Highway 407 to Highway 35/115
- The extension of Highway 404 around the east

and south sides of Lake Simcoe, including a Bradford Bypass, connecting highways 404 and 400

- The northward and eastward extension of Highway 427 to Barrie
- The construction of a new Mid-Peninsula Highway from Burlington to the US border in the Niagara region
- The creation of a new GTA East–West Corridor from Brampton to the Guelph area
- The extension of Highway 410 northwards "at least" to Highway 89

Three of the proposed highways (the 404, 410, and 427 extensions) would have passed over the Oak Ridges Moraine, while the 407 extension invited the urbanization of prime agricultural lands and sensitive watersheds south of the moraine. The Mid-Peninsula Highway would run over the Niagara Escarpment, a UNESCO²³ World Biosphere Reserve, while second one (the GTA East–West Corridor) would cut through it. The Province also provided funding for the Red Hill Creek Expressway in Hamilton, which cuts through the Niagara Escarpment. (See map on page 5)

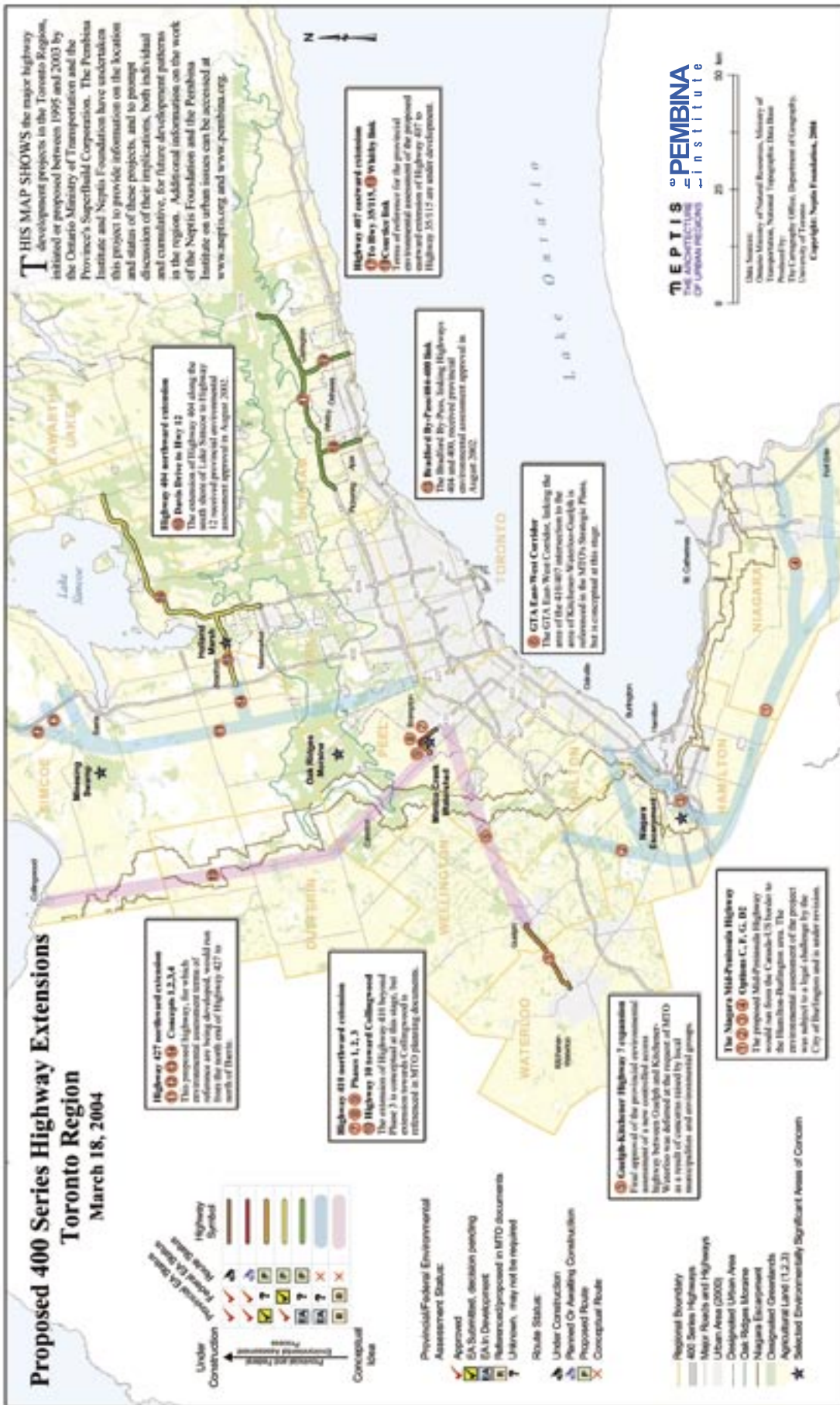
In addition to concerns over the direct impact of these projects on the Oak Ridges Moraine, Niagara Escarpment, and other ecologically significant features, the program was criticized for encouraging urban sprawl far beyond existing urban areas and promoting long-distance automobile commuting throughout the region.²⁴

1.4. Report Objectives

In the context of the legacy left by the previous government, this report examines the progress made by the new government against the provincial policy framework for urban sustainability outlined by the Pembina Institute in its February 2003 study. It also examines the government's progress in its commitments to the environmental sustainability of urban communities contained in the Ontario Liberal Party's October 2003 election platform.

The information contained in the report is up to date as of May 12, 2005.

Map 1



2. A Status Report on Provincial Progress on Urban Sustainability and Smart Growth

The Pembina Institute's February 2003 report outlined a provincial policy framework for smart growth in Ontario, drawing on materials from governmental, academic, non-governmental, and institutional sources, ranging from the Federation of Ontario Naturalists (Ontario Nature)²⁵ to the Toronto-Dominion Bank²⁶ and the C.D. Howe Institute.²⁷

The Pembina Institute's provincial policy framework for smart growth and urban sustainability focused on five areas: infrastructure funding policies; land-use planning policies; fiscal and taxation policies; sustainable energy; and governance structures. The provincial government's progress on issues related to sustainable energy were addressed in the Pembina Institute and Canadian Environmental Law Association's May 2004 report "Towards a Sustainable Electricity System for Ontario"²⁸ and therefore are not addressed in detail in this report.

The provincial government's progress on smart growth issues with respect to the remaining four areas is summarized in the following sections. Each section includes a table outlining the provincial smart growth policies identified in the Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

2.1 Infrastructure Funding Policies

Much of the funding for major new municipal capital infrastructure, such as transportation and sewer

and water systems, comes from the Province. The Province's policies regarding infrastructure provision, therefore, can have a major impact on development patterns.²⁹ Providing funding for the extension of transportation and sewer and water infrastructure beyond the boundaries of existing communities can, for example, facilitate and encourage urban sprawl. Requiring infrastructure investments to be supportive of more sustainable development patterns, such as infill developments, intensification, and brownfields and greyfields redevelopment, and the enhancement of services within existing urban areas, can have the opposite effect.

In addition to the funding that the Province provides to municipalities, it makes infrastructure investments of its own. These can have a major impact on development patterns as well. The highway construction plan pursued by the SuperBuild Corporation between 1999 and 2003 as illustrated in Map 1 is an example of such an investment. In the case of the highway program, the investments have had the effect of encouraging and facilitating urban sprawl, as illustrated by the recent development proposals in Simcoe County.³⁰

Table 4 (see next page) outlines the provincial smart growth policies on infrastructure identified in the Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

Table 4: Infrastructure Funding Policies

Smart Growth Policies	Platform ³¹ and Campaign Commitments	Action to Date
<p>Make provincial infrastructure investments on the basis of smart growth criteria.</p> <p>Focus investment on upgrading existing systems and intensifying existing urban areas.</p>	<p>“We will stop subsidizing sprawl.” (Pg. 19.)</p> <p>“We will provide infrastructure funding to priority growth areas like our city centres and urban nodes rather than new sprawl developments.” (Pg. 20.)</p> <p>“We will develop a long-term plan for managing growth responsibly in the Golden Horseshoe. It will take into account expected population growth and infrastructure needs, without developing areas that provide our food, water and recreation.” (Pg. 17.)</p>	<p>The SuperBuild Corporation was combined with the Smart Growth Secretariat to create the Ministry of Public Infrastructure Renewal following the October 2003 election.</p> <p>GGH growth plan discussion paper released in July 2004³² and draft plan February 2005.³³</p> <p>The 2004 Budget established an Ontario Strategic Infrastructure Financing Authority. The authority’s mandate includes no specific smart growth or urban sustainability provisions.</p> <p>A series of announcements related to public transit projects in Toronto³⁴ and the Greater Toronto Region,³⁵ Ottawa,³⁶ and Kitchener-Waterloo³⁷ were made in March, April, and May 2004. No criteria to guide provincial capital investments in transit expansion projects have been articulated.</p> <p>Planning continues and approvals are continuing to be sought for the SuperBuild-initiated highway extensions in the Golden Horseshoe. Planning for Niagara-GTA Corridor, Highway 407 east extension, and 404 and 427 extensions specifically referenced in 2005 Budget³⁸, particularly the northward extension of Highway 404, the Mid-Peninsula Highway, and the eastward extension of Highway 407.</p> <p>Planning and construction of major extensions of sewer and water infrastructure to non-urbanized areas in the Golden Horseshoe is also continuing.³⁹ Provincial approval for the expansion of the York-Durham Sewer System to King City was granted in August 2004.</p>

. . . continued

Provide provincial capital and operating support for public transit.	“We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit.” (Pg. 12.)	<p>The 2004 Budget included a commitment of one cent per litre of the provincial gasoline tax for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005 and two cents per litre in October 2006. Funding began to be delivered on the basis of a 70% ridership/30% population formula in October 2004.</p> <p>The 2005 Budget includes the public transit capital investment to \$513 million for 2005/06. (see Table 5)</p>
Focus transportation infrastructure investments in areas subject to urbanization pressures on non-automobile-based modes of transportation.		<p>The 2005 Budget highways capital investment of \$1.1 Billion is approximately at the same annual level as that of the previous six years.</p> <p>The 2005 Budget increases the public transit capital investment to \$513 million for 2005/06. (see Table 5)</p> <p>No criteria for future transportation infrastructure investments have been articulated to date.</p> <p>Planning continues and approvals are continuing to be sought for some of the SuperBuild-initiated highway extensions in the Toronto region. Planning for Niagara-GTA Corridor, Highway 407 east extension, and 404 and 427 extensions specifically referenced in 2005 Budget.⁴⁰</p>
	“We will help communities become more self sustaining by giving them the means to invest in their own infrastructure and growth.” (Pg. 12.)	The 2004 Budget established an Ontario Strategic Infrastructure Financing Authority to issue infrastructure renewal bonds. No sustainability criteria in mandate.

2.1.1 Analysis and Commentary

A key problem under the previous provincial government was the lack of any overall policy framework to shape provincial infrastructure investments in the direction of more sustainable urban development patterns. The SuperBuild highway expansion program in the Golden Horseshoe, which facilitated and encouraged urban sprawl, highlighted the consequences of this problem.

The Ministry of Public Infrastructure Renewal, combining the Smart Growth Secretariat created by the previous government with the SuperBuild Corporation’s capital investment portfolio, has the potential to provide policy direction for the Province’s capital infrastructure investments that is more focused on building environmentally, socially, and economically sustainable communities than was the case during the 1999–2003 life of the SuperBuild Corporation.

2.1.1.1 Growth Management Planning

2.1.1.1.1 Growth Planning for the Greater Golden Horseshoe

A discussion paper regarding growth management planning in the Greater Golden Horseshoe (GGH) Region was released in July 2004, followed by a draft growth management plan in February 2005. The plan is intended to guide urban development, population distribution, and infrastructure investments in the region for the next 20-30 years.

The July 2004 discussion paper focused on concentrating future growth in existing and emerging urban centres; emphasizing public transit as the primary means of moving people; protecting natural heritage, agricultural and source water lands; and tying future infrastructure investments to the achievement of a growth management plan's goals. The discussion paper included an intensification target of 40% of new housing development and established a series of tests for settlement area boundary expansions. These tests included:

- the achievement of the intensification target
- the balancing of population and employment growth,
- the demonstration of environmental capacity to support projected growth, particularly the sustainability of water takings needed to support new development.⁴¹

At the same time, the discussion paper emphasized the role of "economic corridors" (i.e., highways) in goods movement and included references to three of the highway projects initiated by the previous government (Mid-Peninsula Highway, the 407 east extension, and a GTA East West Corridor from Brampton to Guelph). Two other projects initiated by the previous government, the northward extensions of highways 404 and 427 were stated to not be "immediate priorities."⁴²

The draft plan released in February 2005 incorporated a number of significant changes relative to the July 2004 version. The 40% intensification target was retained and is to be applied, at least among municipalities inside the Greenbelt, on a municipality-by-municipality basis (i.e., no averaging including the City of Toronto's 100% rate). However, research completed by the Ministry of Public Infrastructure Renewal itself, reviewing experience in the United Kingdom, Australia, New Zealand and British Columbia, suggests that an even higher intensification target would be feasible.⁴³ The February 2005 draft plan also takes a relatively strong approach to

requiring higher density and better mixed-use design with good connectivity on presently undeveloped lands within the designated settlement area.⁴⁴

Less positively, the three new economic corridors (i.e., highways — Mid-Peninsula/Central Niagara Corridor, 407 east extension and GTA East-West Corridor from Brampton to Guelph) presented in the July 2004 draft plan remained part of the plan. (See map next page.)

No additional justification was provided for these projects in the plan, despite their potential to undermine the plan's goals regarding the containment of sprawl and the promotion of more sustainable development patterns. Furthermore, these projects would contribute significantly to emissions of smog precursors and climate change.

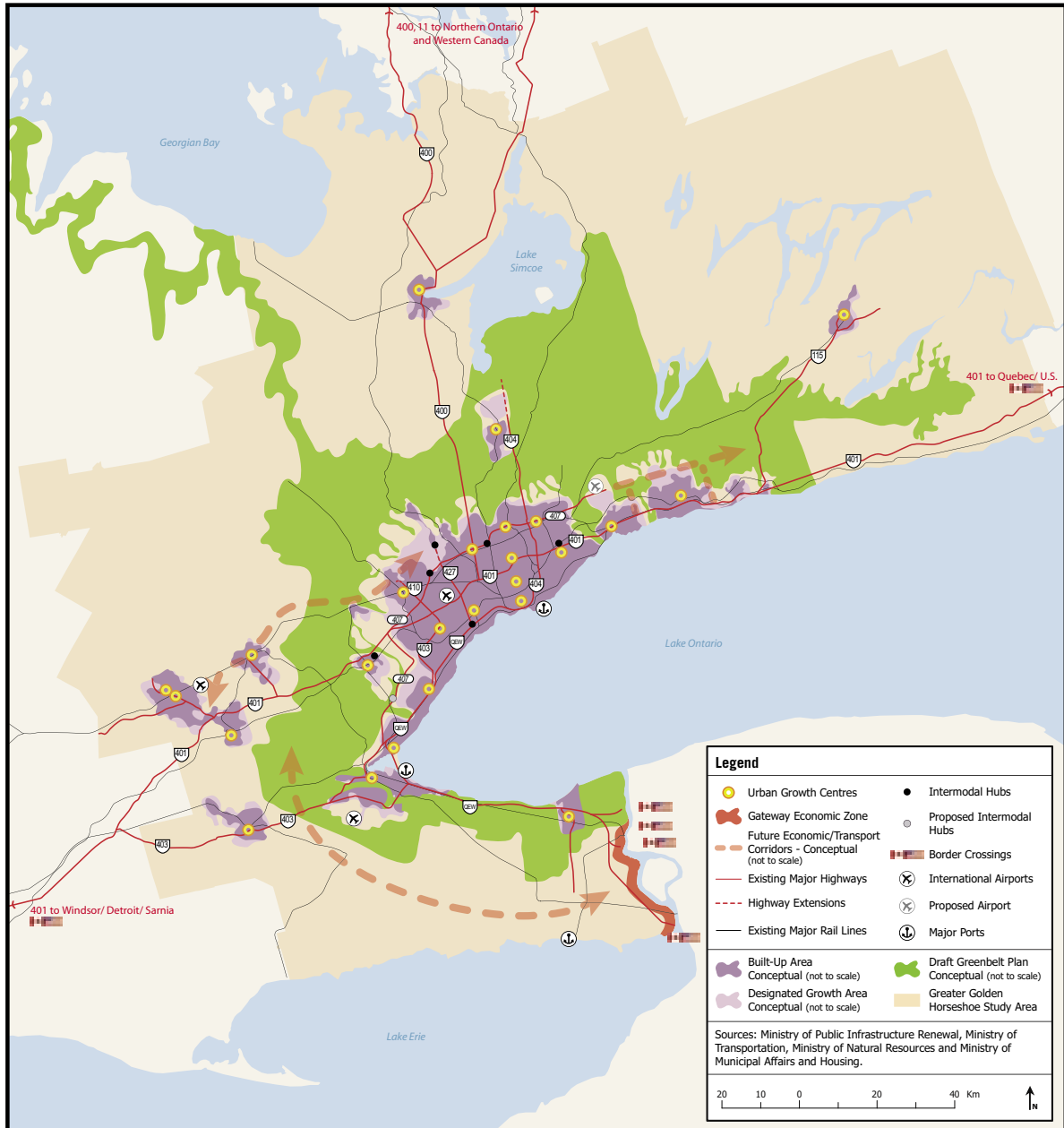
The extension of Highway 404 north to Ravenshoe Rd. (i.e., Keswick) was included in the revised draft plan, as is a short northward extension of 427.⁴⁵ The 404 extension is especially problematic as it is the key to the controversial Queensville development⁴⁶ and is likely to lead to sprawling development along its route to Lake Simcoe

The second draft plan also took a relatively weak approach to the issue of settlement area boundary extensions, particularly in comparison with the revised PPS that came into force on March 1, 2005,⁴⁷ and the July 2004 discussion paper.⁴⁸ The draft growth plan, for example, incorporates no clear tests for boundary extensions, except in the short term until "sub-area plans" are developed. Rather the draft plan only references factors "to be considered" in boundary extension decisions.⁴⁹ This approach is surprising given the urbanization pressures in the GGH region and extent of the lands already designated for urban development in the region.⁵⁰

The draft plan takes a relatively blunt approach to "intensification areas" (i.e., urban growth centres and intensification corridors), targeting them for high density (i.e., not less than 200 residents and jobs per hectare).⁵¹ However, it makes no references to issues of the scale and character of development, pedestrian friendliness and similar design details essential to making such redevelopments acceptable and attractive to existing communities.

The draft plan takes a very unimaginative approach to employment-land issues by prohibiting redevelopment for non-employment uses and barring "incompatible" land uses from the vicinity of employment areas and intermodal facilities.⁵² The implications of this approach for brownfields and greyfields redevelopment are unclear, and it would seem to bar creative mixed-use redevelopment of conventional

Map 2



PLACES TO GROW
DRAFT PLAN | FEBRUARY 2005

SCHEDULE 6 Moving Goods

The boundaries and lines displayed in the map above are draft and illustrative only and should not be read to scale. They do not claim to accurately reflect approved land-use and planning boundaries. The Greenbelt illustrated in the map is based on the Draft Greenbelt Plan, October 2004 and is subject to future revisions. Data and information reproduced herein is under licence with one or more municipalities and may not be up to date and accurate as of the date of publication. Neither the Province nor such municipalities assume any liability or responsibility with respect to its accuracy or completeness. For more information on precise boundaries of Settlement Areas, Towns, Villages and Hamlets, the appropriate municipality should be consulted.

business parks, a concept that has gained considerable interest in the US in the context of the overall shift to a service- and knowledge- as opposed to industrial-based economy.⁵³

The February 2005 draft plan defers to the Greenbelt Plan and PPS on natural heritage, agricultural land and source water protection issues, although key features are to be identified in sub-regional plans. Natural heritage policies are not to be less protective than the PPS.⁵⁴ Settlement area boundary expansions into the natural heritage system will not be allowed.⁵⁵ Importantly, in the event of conflicts between the growth plan and the provisions of other provincial plans and policies related to the natural environment or human health, the plans or policies providing more protection to the environment and health are to prevail.⁵⁶

On the whole, the February 2005 draft plan leaves a great deal of specific detail to sub-area plans that are to be developed for the following areas: GTA and Hamilton, North of Greenbelt, West of Greenbelt, Niagara Peninsula, and East of Durham.

2.1.1.1.2 Bill 136 – The *Places to Grow Act*

Bill 136, the proposed *Places to Grow Act*, was introduced into the legislature on October 28, 2004. The bill is intended to provide an implementation framework for the growth plans developed by the Ministry of Public Infrastructure Renewal.

The bill would require that municipalities and municipal planning authorities amend their official plans to conform with growth plans made under the Act.⁵⁷ In addition, the bill would require that decisions by municipalities and provincial agencies under the *Planning Act*, *Ontario Planning and Development Act*, and the *Condominium Act* conform with plans made under Bill 136, and that the provisions of growth plans prevail in the event of conflict with official plans, zoning by-laws, or the Provincial Policy Statement made under the *Planning Act*.⁵⁸ However, in the case of a conflict between a growth plan and other provincial plans or policies on a matter relating to the natural environment or human health, the provincial plans or policies providing more protection to the natural environment or human health are to prevail.⁵⁹

Surprisingly, given the focus of the province's growth management initiatives on infrastructure planning, Bill 136 contains no provision requiring that municipal or provincial works, structural improvements and other undertakings conform with plans made under the act. The province's parallel

greenbelt legislation (Bill 135 – *The Greenbelt Act*, 2005) does include such a provision with respect to municipal undertakings.⁶⁰

2.1.1.2 Transportation Funding

2.1.1.2.1 Transit Funding

The provincial government announced the dedication of a portion of provincial gasoline tax revenues to public transit in its May 2004 Budget. Specifically, the Province committed to one cent per litre of the provincial gasoline tax for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005 and two cents per litre in October 2006. A formula for the distribution of the funds to municipalities was announced in October 2004, based 70% on ridership and 30% on population.⁶¹

The overall level of public transit capital funding provided in the 2005 Budget continues the upward trend seen since 2001, as shown in Table 5.

Table 5: Provincial Transportation Capital Investments, 1999/00 to 2004/05⁶²

Year	Highways (\$ millions)	Public Transit (\$ millions)
1999/00	937	0
2000/01	1,049	0
2001/02	906	0
2002/03	1,023	193
2003/04	1,055	359
2004/05	992	448
2005/06 ^{62b}	1,100	513

Recent public transit project announcements for major urban areas have been made on a one-off basis. Announcements related to the Toronto Transit Commission,⁶³ GO Transit,⁶⁴ and Ottawa⁶⁵ and Waterloo⁶⁶ transit initiatives were made, for example, in March, April, and May 2004. The province has articulated no criteria or framework to guide future transit capital investments.

In the absence of such a framework, no mechanism exists to ensure that transit investments will actually result in increased ridership, be economically viable, and are supported by appropriate land-use planning policies. The need for criteria to shape investment decisions is becoming increasingly apparent. Many municipalities are proposing major transit expansion projects,⁶⁷ which would require financial support from the Province, and the Province might not be able to provide financial support for all these undertakings.

2.1.1.2.2 Highway Expansions

Highway capital funding as announced in the 2005 Budget remains at the \$1 billion per year level, as shown in Table 5. Approximately half of this allocation has typically been for maintenance, with the remainder being dedicated to expansion.

As noted earlier, the proposed growth management plan for the GGH includes a number of highway projects initiated by the previous government. All would cut through areas of the newly established greenbelt and the longer standing protected areas of the Niagara Escarpment and Oak Ridges Moraine. The highway series could also undermine the efforts of a growing number of municipalities throughout the region to move to more transit-centred development patterns.

The Ministry of Transportation is now under direction from the Ministry of the Environment to consider the need for projects and the availability of alternatives to projects in environmental assessments of highway expansion proposals.⁶⁸ Unfortunately, the terms of reference for environmental assessments of the projects that have been advanced to date have failed to address the ways in which the proposed projects may affect land-use patterns or undermine existing growth management and transportation plans.

Nor have the terms of reference mentioned either air pollution or greenhouse gas emissions as criteria for choosing among alternatives. These issues are only raised in the context of route selection after the choice of transportation alternatives has been settled upon. There is no assessment of the global environmental impacts of the various alternatives to the undertakings, which is where the issue of atmospheric emissions would be most salient. Nor have there been references to the impact of alternatives in the context of the Kyoto Protocol, federal or provincial smog plans, federal or provincial interests in controlling sprawl, and shifting travel demand to transit and other alternatives to the single occupancy car.⁶⁹

In other circumstances, the Ministry of Transportation is proceeding with highway extensions on the basis of environmental assessment approvals that were granted in circumstances that are now significantly altered. The extension of Highway 404, for example,⁷⁰ received provincial environmental assessment approval in August 2002. This approval predates the adoption of the Greenbelt Plan. The plan protects almost all the lands in York Region north of the Oak Ridges Moraine, through which the highway would run and whose develop-

ment would provide the rationale for the project, from urbanization.⁷¹

2.1.1.3 Sewer and Water Infrastructure

While highway extensions are the most prominent infrastructure projects proceeding in the absence of an overall growth management plan, similar concerns exist regarding the implications of the outward extension of sewer and water infrastructure for urban development patterns in the region. The proposals to extend the York Durham Sewer System (YDSS) northwards, as shown in Map 3 (see next page), are of particular concern as they would support urbanization north of Highway 9 along the Yonge Street corridor and onto agricultural lands north of Markham.⁷²

A linkage to the YDSS for King City was approved by the province in August 2004. The link was justified as a required replacement of septic systems in the community but had been widely criticized as likely to facilitate and encourage urban development in the region.⁷³

In October 2004, the Ontario Minister of the Environment responded to a request for a bump-up from several Class Environmental Assessments to one larger and more detailed individual Environmental Assessment (EA) for the overall YDSS twinning and extension. The Minister denied the bump-up for the 16th Avenue and Leslie Connector trunk sewers. However, additional conditions were imposed, and individual EAs were required for the Southeast Collector and the Leslie Extension sections of the YDSS twinning.⁷⁴

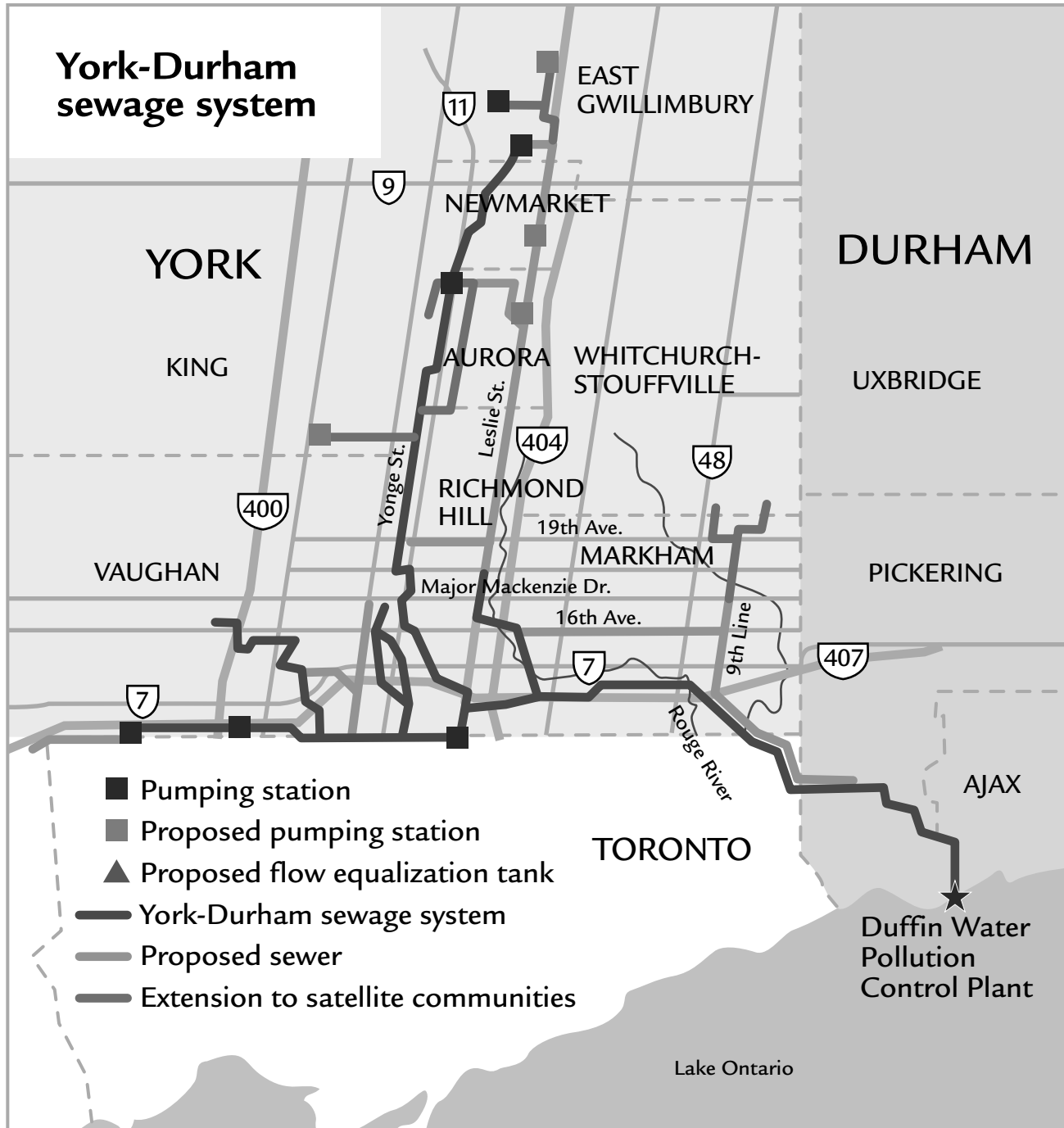
2.1.1.4 Ontario Strategic Infrastructure Financing Authority.

The 2004 provincial budget established the Ontario Strategic Infrastructure Financing Authority (OSIFA). The authority provides municipalities and other public sector entities with access to loans to renew and build public infrastructure. Sewer and water infrastructure constitutes almost 50% of the OSIFA's \$2.1 billion loan portfolio, with 24% being for roads and bridges and 7% for transit.⁷⁵ Despite the significance of these loans, no environmental sustainability criteria have been established to guide investment decisions.

2.1.1.5 Environmental Assessment Review

The principle mechanism through which the need for major infrastructure projects is assessed, alternatives evaluated and environmental impacts considered is

Map 3



the environmental assessment process established under the *Environmental Assessment Act*. A review of the environmental assessment process related to waste management facilities, transit and transportation projects, and clean energy facilities was initiated by the government in June 2004.⁷⁶ The review committee tabled its report in April 2005.⁷⁷

2.1.2. Next Steps

Several major initiatives related to infrastructure

planning and funding remain works in progress. These include the adoption of Bill 136, the *Places to Grow Act*, which is to provide a legislative framework for provincially initiated regional growth management plans, and the finalization of the GGH growth plan and accompanying sub-area plans. The adoption of the legislation and completion of the GGH plan is expected by the end of 2005. The amendment of the legislation to require that provincial infrastructure undertakings conform with the plan is crucial to

ensuring the integration of land-use and infrastructure planning.

The Province must also complete the implementation of its dedication of a portion of gasoline tax revenues transit through 2005 and 2006. More broadly, in the context of growing municipal interest in major transit expansion projects, the Province needs to establish framework and criteria to guide its investment decision making with respect to these undertakings.

The Province's approach to large transportation infrastructure (i.e., highways) remains a serious area of concern. The revised draft GGH growth management plan has failed to articulate any additional justification for the GGH highway projects initiated under the previous government. In fact, the plan has reinitiated projects previously described as not being immediate priorities.

The environmental assessments of these projects fail to consider the impacts of alternatives on air quality, climate change, and future development patterns. In some cases, projects are proceeding on the basis of past EA approvals granted under vastly different circumstances. The northward extension of Highway 404, approved in 2002 before the adoption of the greenbelt legislation and plan, is the most prominent example of such a situation.

The issue of scope of the assessment of alternatives to major transportation projects and the cumulative effects of major infrastructure undertakings need to be addressed within the review of the environmental assessment process related to waste management facilities, transit and transportation projects, and clean energy facilities initiated by the government in June 2004.⁷⁸

2.2. Land-Use Planning Policies

The authority of Ontario municipalities over land-use planning is governed through the provincial *Planning Act* and Provincial Policy Statement (PPS), and overseen by the provincially appointed Ontario Municipal Board (The policy directions set by the Province through its legislation and policies therefore have a major impact on development patterns. The provincial legislative and policy framework for land-use planning has undergone major changes over the past decade. A strong focus on containing urban sprawl and promoting more sustainable development patterns emerged through the work of the Commission on Planning and Development Reform, subsequent 1995 amendments to the *Planning Act*, and a comprehensive set of provincial policy state-

ments. Further amendments to the *Planning Act* and a new PPS issued in 1996 reversed this direction. The 1996 amendments to the *Planning Act* also severely constrained the roles of the Ministry of the Environment and the Ministry of Natural Resources in the land-use planning process.⁷⁹

In addition to the *Planning Act* and PPS, the province can influence development patterns and land-use decisions through the establishment of agricultural land reserves and the provision of incentives for the creation of land trusts, agricultural and conservation easements, and public education activities. The work of the Walkerton Inquiry highlighted the need to integrate land-use planning with the protection of drinking water source waters.⁸⁰

Table 7 outlines the provincial smart growth policies on land use identified in the Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.



DAVID LORNE - ONTARIO NATURE

Table 7: Land-Use Planning Policies

Smart Growth Policies	Platform ⁸¹ and Campaign Commitments	Action to Date
Ensure local planning decisions are consistent with provincial policy.	"We will give the OMB clear planning rules to ensure that it follows provincial policies." (Pg. 16.)	<p>Bill 26 amendments to the <i>Planning Act</i> adopted in November 2004 require that planning decisions, comments, submissions, and advice by local planning bodies and provincial agencies "be consistent" with the Provincial Policy Statement (PPS) issued under the act.</p> <p>A discussion paper on wider <i>Planning Act</i> reform was released in June 2004.⁸² The discussion paper sought public input on issues such as conditional zoning, transferable development rights, the content and updating of official plans, and the relationships between planning and environmental assessment approvals. No further action to date.</p> <p>A discussion paper on wider Ontario Municipal Board reform was also released in June 2004.⁸³ The topics on which public input was sought included the role of the OMB appeal process in land-use planning and potential improvements to the appointments process. No further action to date.</p>
Provide a significant role for the Ministry of the Environment (MOE), the Ministry of Natural Resources (MNR), and conservation authorities in the planning process.		<p>This issue is not addressed in Bill 26 amendments to the <i>Planning Act</i> or the June 2004 <i>Planning Act</i> reform discussion paper.</p> <p>\$12.5 million in funding to conservation authorities for source water protection studies announced in November 2004.⁸⁴</p>
<p>Ensure the PPS issued under the <i>Planning Act</i>:</p> <ul style="list-style-type: none"> • Supports development forms for which non-automobile transportation modes are viable, including mixed uses • Supports intensification and minimum density requirements • Protects prime agricultural lands, ecologically significant areas, and source water-related lands 	"We will give the OMB clear planning rules to ensure that it follows provincial policies." (Pg. 16.)	<p>A new PPS came into force in March 2005.⁸⁵</p> <p style="text-align: right;">. . . continued</p>

<ul style="list-style-type: none"> • Reduces/eliminates the need to hold reserves of non-urban lands for future development • Safeguards the availability of affordable housing. • Establishes urban containment boundaries 		
<p>Establish Urban Containment Boundaries.</p>	<p>“We will enhance our quality of life by containing urban sprawl and focusing growth inside a permanent Greenbelt.” (Pg. 17.)</p> <p>“This greenbelt will permanently protect more than 600,000 hectares of environmentally sensitive land and farmland, from Niagara Falls to Lake Scugog.” (Pp. 17-18.)</p> <p>“Pending a final decision on the lands to be protected, we will place a moratorium on zoning changes from rural to urban on all lands within the potential greenbelt area.” (Pg. 19.)</p>	<p>Bill 135 <i>The Greenbelt Act</i> and a Greenbelt Plan adopted March 2005.</p>
<p>Implement the recommendations of the Walkerton Inquiry regarding watershed-based source water protection planning. The provisions were intended to provide for the integration of land-use and water resource planning.</p>	<p>“We will protect our water from stream to tap by preventing it from getting polluted in the first place.” (Pg. 7.)</p>	<p>The White Paper on Watershed-Based Source Water Protection Planning was released in February 2004.⁸⁶ A Draft Drinking Water Source Protection Act was placed on the Environmental Bill of Rights registry for public comment in June 2004.⁸⁷</p> <p>Advisory Committee reports on source water protection implementation were delivered to the Minister of the Environment in November 2004.⁸⁸</p> <p>A revised water taking and transfer regulation was adopted December 2005, including provisions related to water budgets. A moratorium on new water takings was ended.⁸⁹</p> <p>The revised PPS adopted March 2005⁹⁰ includes expanded provisions regarding the protection, improvement and restoration of the quality and quantity of water.</p>

... continued

<p>Support protection of agricultural and ecologically significant lands through fiscal and stewardship initiatives such as</p> <ul style="list-style-type: none"> • Land trusts • Agricultural land reserves • Conservation easements • Green space conversion taxes • The application of land and water conservation requirements as conditions of agricultural income support programs (cross-compliance) • Public education 	<p>“We will protect one million new acres of greenspace on the outskirts of our cities. We will use a wide array of creative solutions, including tax credits, easements, land trusts, land swaps and new part designations.” (Pg. 16.)</p> <p>“We will also establish new reserves, starting with the Niagara Tender Fruit Lands Agricultural Preserve.” (Pg. 19.)</p>	<p>Greater Golden Horseshoe Greenbelt⁹¹ incorporates protection from urban development of specialty crop lands and prime agricultural lands within the greenbelt; some settlement area expansions onto prime agricultural lands may be permitted at time of Greenbelt Plan 10-year review.</p> <p>The revised PPS adopted in March 2005 protects specialty croplands from development.⁹² Other prime agricultural lands could be urbanized.</p>
<p>Facilitate and support brownfields redevelopment. Address liability and remediation financing issues for contaminated “orphan” sites.</p>	<p>“We will develop our brownfields.... We will work with developers to get projects on these priority sites off the drawing board and into construction.” (Pg. 20.)</p>	<p>The March 2005 revised PPS includes provisions intended to promote brownfields redevelopment.⁹³</p>
<p>Promote public transit-supportive planning guidelines.</p>		<p>March 2005 PPS includes provisions promoting land-use patterns, densities and mixes of use that minimize vehicle trips and support alternative transportation modes.⁹⁴</p> <p>The overall transportation provisions of the March 2005 PPS make no reference to air quality and climate change, and require protection of transportation “corridors.”</p>
<p>Adopt and promote alternative development standards.⁹⁵</p>		<p>The June 2004 discussion paper on Planning Act reform and implementation⁹⁶ references the idea of revising provincial standards to reflect urban situations and support infill, intensification, and brownfields redevelopment. No further action to date.</p>
<p>Protect the Niagara Escarpment:</p> <ul style="list-style-type: none"> • Place the Niagara Escarpment Commission under jurisdiction of MOE • Update the Niagara Escarpment Plan to reflect the review completed in 2002. 		<p>GGH Greenbelt Plan incorporates Niagara Escarpment Plan area lands.</p> <p>No action has been taken since October 2003 on the Niagara Escarpment Plan review.</p>

2.2.1 Analysis and Commentary

2.2.1.1 Land-Use Planning Reform

2.2.1.1.1 Bill 26 – the *Strong Communities Act* 2004

Bill 26, the *Strong Communities Act*, was enacted in November 2004. The legislation restores the 1995 *Planning Act* provision requiring that planning decisions “be consistent with” provincial policy.⁹⁷ In addition, the legislation limits the ability of developers to seek urban boundary expansions via appeals to the Ontario Municipal Board against the wishes of the municipality in question, although these provisions only apply to development applications made after December 2003.⁹⁸ Finally, the legislation extended the time limits before applicants can initiate appeals to the OMB for other types of planning applications in the absence of a decision by the planning authority involved.⁹⁹

2.2.1.1.2 The New Provincial Policy Statement

A revised PPS came into force on March 1, 2005 and applies to planning applications made after that date.¹⁰⁰ The new policy statement includes a number of important changes to the existing statement. These include the extension of the significant wetland protection zone northwards to Sault Ste Marie and the protection of significant coastal wetlands,¹⁰¹ the protection of specialty crop areas from development,¹⁰² and the imposition of significant restrictions on farm lot severances.¹⁰³ The new PPS also adds references to providing densities and mixes of land uses that minimize negative impacts on air quality and climate change, and promote energy efficiency.¹⁰⁴ Settlement area boundary expansions will only be permitted as part of comprehensive reviews of official plans.¹⁰⁵

Settlement area boundary extensions will require demonstration that projected needs cannot be accommodated through intensification, redevelopment, and the use of existing designated growth areas.¹⁰⁶ However, the overall “escalator” approach to planning is retained.¹⁰⁷ There are requirements that municipalities maintain a 10-year residential land supply and that a 3-year supply of serviced land be available at all times, although this is to be measured in a “regional market area”¹⁰⁸ as opposed to an individual municipality basis.

The determination of targets for intensification and redevelopment are left in the hands of municipalities, except where provincial plans (e.g., the GGH

growth management plan) apply. A similar approach is taken to targets for affordable housing.

The new PPS requires that planning for sewerage and water services must consider the sustainability of the water resources upon which they rely.¹⁰⁹ The provisions related to the protection, improvement, and restoration of the quality and quantity of water have been greatly expanded.¹¹⁰

There are references to the promotion of design that maximize the use of alternative or renewable energy, such as solar and wind, and the use of renewable energy systems and alternative energy systems. Renewable and alternative energy systems are to be permitted in settlement areas, rural areas, and prime agricultural areas. However, “alternative energy sources” can include conventional (i.e., non-renewable, combustion) energy sources and might not be appropriate for these locations.¹¹¹

Less positively, there are no references to the environment, air quality, or climate change in the sections dealing with transportation systems or corridors.¹¹² There are strong overrides for airports¹¹³ and planned corridors as approved via EA, or identified in provincial plans (e.g., the economic “corridors” (highways) identified in the proposed GGH growth management plan).¹¹⁴ The protection of prime agricultural lands is limited to specialty crop lands.

The new PPS retains the clause contained in the June 2004 draft stating that demonstration of need for aggregate resources will not be required.¹¹⁵ The provision further extends the aggregates override, itself strengthened in the 1996 version of the PPS. The provision is particularly strange in light of the lack of information on current aggregate demand and supply, highlighted in recent reports by the Environmental Commissioner¹¹⁶ and the Pembina Institute.¹¹⁷ There is emerging evidence that some municipalities are interpreting the revised PPS as requiring them to zone lands for aggregate development, even where existing uses (e.g., residential) would be inconsistent with such development.¹¹⁸

2.2.1.1.3 Wider *Planning Act* Reform

A discussion paper on wider *Planning Act* reform was released in June 2004.¹¹⁹ The discussion paper sought public input on issues such as conditional zoning, transferable development rights, the content and updating of official plans, and the relationships between planning and environmental assessment approvals. No action has been taken on these issues to date.

A discussion paper on wider OMB reform was also released in June 2004.¹²⁰ The topics on which public input was sought included the role of the OMB appeal process in land-use planning and potential improvements to the appointments process. No action has been taken on these issues to date.

2.2.1.2 The Golden Horseshoe Greenbelt

The province established a Greater Golden Horseshoe Greenbelt in March 2005, through the adoption of Bill 135, the *Greenbelt Act*, 2005 and a Greenbelt Plan.¹²¹ The greenbelt incorporates the Niagara Escarpment and Oak Ridges Moraine Plan areas as well as an additional 405,000 hectares of protected countryside. The greenbelt is intended to protect prime agricultural, natural heritage, and source water lands in the region from urban development.¹²²

Although protecting significant areas of natural heritage and prime agricultural lands, the greenbelt itself is unlikely to have a significant impact on urban development patterns in the short term. The inner boundaries of the greenbelt leave an estimated 68,000 hectares of land available for future development in addition to the estimated 78,000 hectares of undeveloped lands already included in designated settlement areas of the Greater Toronto Area and Hamilton. At the same time, the greenbelt's outer boundaries exclude key areas, like the southern part of Simcoe County, that are susceptible to "leapfrog" urban development.¹²³ The situation is summarized in the map prepared by the Neptis Foundation (see page 23).

In addition to its overall protections for natural heritage features, municipalities are required to protect vulnerable surface and ground water areas, such as wellhead protection areas, and generally protect the quality and quantity of ground and surface waters.¹²⁴ Key hydrologic features are protected beyond the natural heritage system in the protected countryside.¹²⁵ The plan also prohibits new multiple unit or multiple lot residential developments (e.g., estate residential, adult lifestyle, or retirement communities) from rural areas.¹²⁶

The plan places some restrictions on Great Lakes or Lake Simcoe-based water and sewerage services, only allowing expansions to provide sufficient capacity to serve existing settlement plus capacity for potential development approved within the approved settlement area boundary at the time of the coming into effect of the plan.¹²⁷

The Greenbelt Plan only applies to new applications filed after December 16, 2004. Applications

in process before that date continue under the pre-Greenbelt Plan rules, with the exceptions of aggregate applications made after December 16, 2003 and any applications related to the Rouge River Corridor.¹²⁸ The extent of the impact of "in-process" applications on the scope of the greenbelt is unknown.

Municipalities are required to bring their official plans into conformity with the Greenbelt Plan at the time they make decisions on the need for 'comprehensive reviews' of their official plans under section 26 of the *Planning Act*.¹²⁹ Such decisions are only required every five years, with the implication that municipalities could have up to five years to bring their official plans into conformity with the Greenbelt Plan. By comparison, the *Oak Ridges Moraine Conservation Act* gave municipalities a maximum of 18 months to bring their official plans into conformity with the Oak Ridges Moraine Plan.¹³⁰

The Greenbelt Plan allows major infrastructure through the greenbelt, subject to environmental approvals.¹³¹ Such infrastructure can include undertakings to support agriculture, recreation and tourism, rural settlement areas, resource use, or rural economic activity or to serve "the significant growth and economic development expected in Southern Ontario beyond the greenbelt" including connections "among urban growth centres and these centres and Ontario's borders."¹³² This appears to include the "economic corridors" included in the Province's GGH growth plan. In addition to their potential impact on ecologically significant aspects of the greenbelt, these highway projects reinforce concerns over the potential for "leapfrog" development beyond the greenbelt, as they would service those areas at risk from this type of development.

New mineral aggregate operations are permitted everywhere in the greenbelt except in provincially significant wetlands, significant habitat of endangered and threatened species, and certain specialty crop lands in the Niagara Peninsula. Expanded aggregate operations are permitted everywhere, including the above locations, subject to requirements to demonstrate how connectivity and water resource systems will be protected and enhanced, and lost habitat will be replaced with equivalent habitat. On specialty crop lands there is a requirement to demonstrate that alternative locations are "unsuitable."¹³³

The *Greenbelt Act* does include provisions requiring that the total land area of the greenbelt not be reduced.¹³⁴ However, the provisions permit the removal of lands from the greenbelt area, provided that they are replaced with other lands. It has been

suggested that this could lead to a situation where the greenbelt “migrates” outwards over time, particularly as development pressures occur on the greenbelt’s current inner boundaries.

2.2.1.3 Source Water Protection

A third area of major activity by the new government related to land use is drinking water source water protection. These initiatives flow from the recommendations of the Walkerton Inquiry.

The government issued the White Paper on Watershed-Based Source Water Protection Planning in February 2004. The White Paper was intended to establish a structure for source water protection legislation. A draft *Source Water Protection Act* was placed on the Environmental Bill of Rights registry for public comment in June 2004. However, both the White Paper and draft bill focused almost entirely on the planning process and said little regarding implementation or financing of source water protection initiatives.

Implementation mechanisms were discussed in two advisory committee reports released in December 2004.¹³⁵ The report of the implementation committee recommends that land-use planning decisions be required to “be consistent with” source water protection plans, that municipal plans should be updated to include source water protection data and policies when they are reviewed, and that source water protection be identified as a municipal “sphere of jurisdiction” that includes bylaw making powers, either through the *Municipal Act* or source water protection legislation.¹³⁶

2.2.2 Next Steps

The Province now needs to follow through on its planning reform initiatives, particularly the revised PPS. In particular, the Province should provide detailed guidance on the assessment of future development capacity and land requirements, including the potential for redevelopment and intensification, and the use of designated growth areas, for the purposes of determining the need for settlement area boundary expansions. Provincial support and assistance is also required in the identification of natural heritage features and prime agricultural and source water related lands as municipalities move to bring their official plans into conformity with the Greenbelt Plan, revised PPS, and, eventually, growth plans.

The Province also needs to move forward on other elements of its planning reform initiatives

announced in June 2004. The reform of the OMB will be especially important given the board’s central role in the enforcement of the new PPS, Greater Golden Horseshoe Greenbelt Plan, and proposed growth plans. Further amendments to the *Planning Act*, particularly with respect to the definition of “complete applications” are required to make the reforms introduced through Bill 26 fully effective.

In addition, the Province must move forward with source water protection planning and implementation legislation. As recommended by the source water protection implementation committee, the legislation should include provisions requiring that planning decisions be consistent with the relevant source water protection plans, as recommended by the source water protection implementation committee.

Finally, the findings of the review of the Niagara Escarpment Plan completed in 2002 need to be incorporated into the plan.

2.3 Fiscal and Taxation Policies

The rules regarding property taxation and the application of development charges by municipalities, both of which can have a major impact on development,¹³⁷ are defined through provincial legislation.¹³⁸ The *Development Charges Act*, 1997, for example, restricts the ability of municipalities to require internalization of infrastructure costs for new developments. The 1997 *Fair Municipal Finance Act*, and 1998 *Fairness to Property Taxpayers Act* severely constrain municipalities in the design of their property tax systems.

In addition, as with infrastructure, the Province makes taxation decisions of its own that affect urban development patterns. The Land Transfer Tax Rebate program, introduced in 1996, for example, has been widely criticized for providing incentives to consumers to purchase housing in new developments rather than resale housing in existing urban areas.¹³⁹ Provincial property tax rebates on vacant commercial and industrial buildings are seen to provide incentives against the redevelopment of underutilized urban buildings.¹⁴⁰

Table 8 (see page 25) outlines the provincial smart growth policies on fiscal and taxation issues identified in the Pembina Institute’s February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government’s progress to date on these policies and commitments.

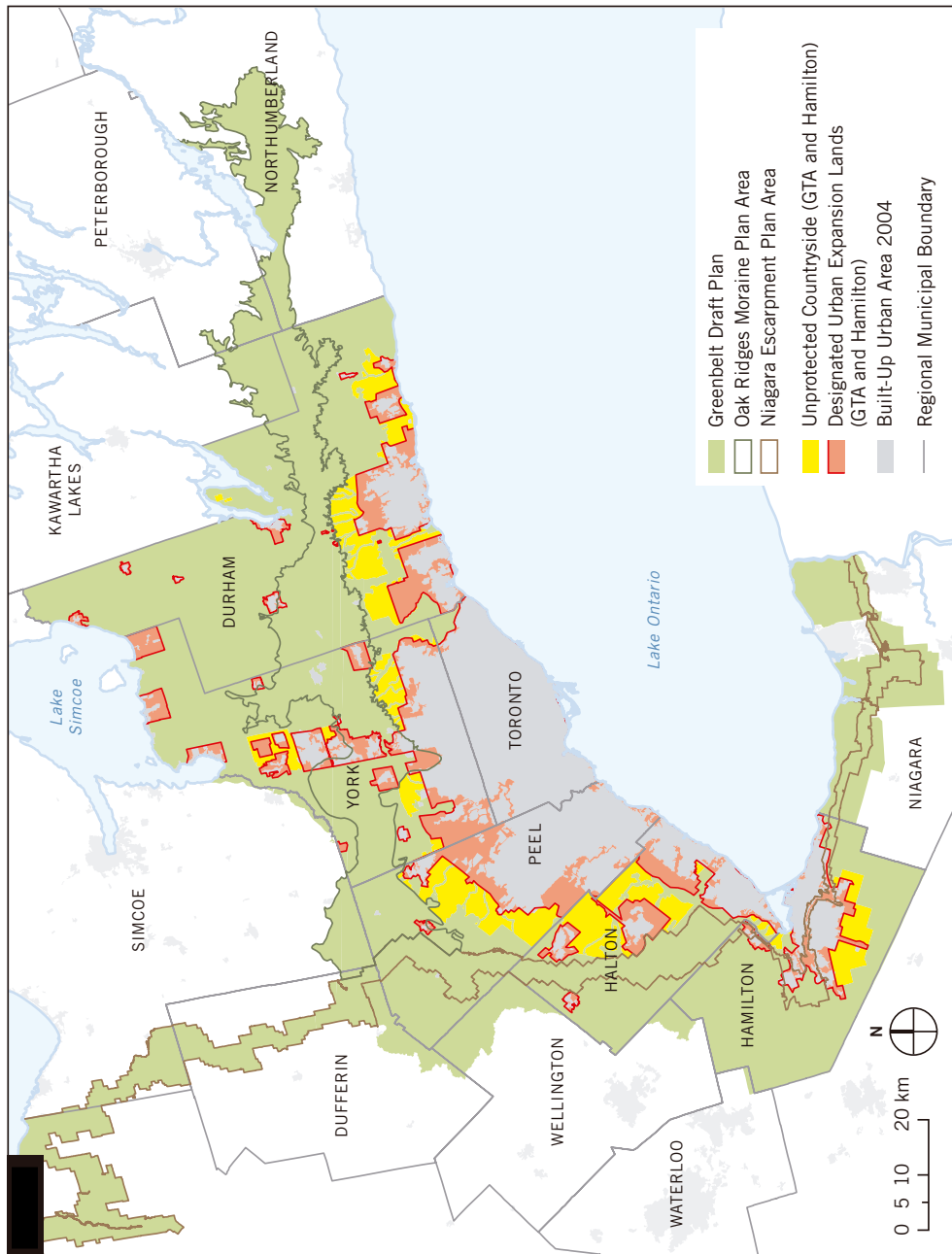
THE URBAN FRINGE IN THE GTA AND HAMILTON

Unprotected countryside
68,000 hectares

Designated Urban Expansion Lands
78,000 hectares

Total Built-up Urban Area
193,000 hectares

City of Toronto
63,000 hectares



NEPTIS FOUNDATION

Table 8: Fiscal and Taxation Policies

Smart Growth Policies	Platform ¹⁴¹ and Campaign Commitments	Action to Date
<p>Remove subsidies and fiscal incentives for urban sprawl:</p> <ul style="list-style-type: none"> • The Land Transfer Tax Rebate program should be eliminated or limited to new units constructed in existing urban areas. • Property tax rebates for vacant commercial and industrial buildings should be removed and incentives provided for re-development. 	<p>“We will stop subsidizing sprawl.” (Pg. 19.)</p> <p>“We will change the Land Transfer Tax Rebate Program to encourage people to buy homes in priority growth areas.” (Pg. 20.)</p>	<p>Reference to possibility of reform of Land Transfer Tax Rebate program to promote more sustainable development patterns in July 2004 draft GGH Growth Plan discussion paper.¹⁴² The References dropped in February 2005 draft plan.¹⁴³</p> <p>No changes to the Land Transfer Tax Rebate Program were contained in the 2005 Budget.</p>
<p>Ensure the full internalization of infrastructure costs of new developments outside of existing urban areas on a location-specific basis.</p>	<p>“We will stop subsidizing sprawl.” (Pg. 19.)</p> <p>“We will make sure developers absorb their fair share of the costs of new growth.” (Pg. 20.)</p>	<p>Reference to possibility of reform of development charges system to promote more sustainable development patterns in July 2004 GGH Growth Plan discussion paper.¹⁴⁴ The references dropped in February 2005 draft plan.¹⁴⁵</p> <p>No changes to the Development Charges Act or system are contained in the 2005 Budget.</p>
<p>Widen the municipal revenue base beyond property taxes, development charges, and user fees.</p>	<p>“We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit.” (Pg. 12.)</p> <p>“We will give municipalities the option to place up to a three per cent level on hotel room bills.” (Pg. 12.)</p>	<p>The 2004 Budget included a commitment of one cent per litre for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005, and two cents in October 2006.</p> <p>Initial funding delivered from October 2004 onwards on basis of a formula based on 70% cent ridership, 30% population.¹⁴⁶</p> <p>No measures on the municipal tax base are contained in the 2005 Budget.</p>
<p>Give municipalities greater discretion in the reform of the property tax regime to:</p> <ul style="list-style-type: none"> • Move utility costs to cost-recovery basis • Separate taxation of land and buildings • Provide incentives for higher value uses of vacant land and buildings, and underused urban lands, such as parking lots 		<p>No structural modifications to the property tax regime are contained in the 2005 Budget.</p> <p>2005 Budget references examination of options for the development of potential legislation to implement Tax Increment Financing (TIF) to promote urban regeneration.¹⁴⁷</p> <p style="text-align: right;">. . . continued</p>

Modify vehicle sales tax and licensing fees on the basis of vehicle weight and fuel economy, with higher charges for heavier and less fuel-efficient vehicles.		No modifications to the vehicle sales tax and licensing system are contained in the 2005 Budget.
Use fuel taxes and road-use fees to internalize costs of automobile use and finance transportation alternatives.	<p>“We will give two cents per litre of the existing provincial gasoline tax to municipalities for public transit.” (Pg. 12.)</p> <p>The Premier has indicated tolls may be considered to finance new highway construction.¹⁴⁸</p>	The 2004 Budget included a commitment of one cent per litre of the provincial gasoline tax for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005, and two cents per litre in October 2006.
Provide incentives for the use of public transit.	“Make employer provided transit passes a non-taxable benefit for income tax purposes.” (Pg. 15.)	No specific measures on public transit incentives are contained in the 2005 Budget.

2.3.1 Analysis and Commentary

2.3.1.1 Gasoline Tax Revenue for Public Transit

The government’s 2004 Budget included a commitment to dedicate a portion of provincial gasoline tax revenues to municipalities to support public transit. One cent per litre of provincial revenues was to be provided for public transit beginning in October 2004, rising to 1.5 cents per litre in October 2005, and two cents per litre in October 2006.

A formula for the distribution of the funds to municipalities was announced in October 2004, based 70% on ridership and 30% on population.¹⁴⁹ The ridership-oriented formula provides strong incentives to municipalities to increase transit ridership, rewarding them for doing so.

2.3.1.2. Development Charges and Land Transfer Tax Rebate Reform

References to the possibility of the reform of the development charges system and the land transfer tax rebate program to promote more sustainable development patterns were included in the July 2004 GGH growth plan discussion paper.¹⁵⁰ However, these references were dropped in the February 2005 draft plan.¹⁵¹ No changes to the development charges system or the Land Transfer Tax Rebate Program were announced in the 2005 Budget.

2.3.1.3. Broader fiscal reform

There has been no movement on the Liberal Party’s 2003 election platform commitment to widen the municipal revenue base by including the option of

imposing a tax on hotel room bills.

Broader reforms to the property tax system that also remain to be addressed include eliminating property tax rebates on vacant commercial and industrial buildings, and giving municipalities greater flexibility in the design of their property tax systems to include such things as the separation of the land and building components of the tax.

Although drivers’ licence fees are increased in the 2004 Budget, there were no efforts to modify the vehicle licensing and sales tax systems to promote the purchase of high-efficiency and low-emission vehicles.

The 2005 Budget references examination of options for the development of potential legislation to implement Tax Increment Financing (TIF) to promote urban regeneration,¹⁵² but makes no commitments to actual implementation.

2.3.2. Next Steps

The Province needs to complete the implementation of the dedication of a portion of provincial gasoline tax revenues to transit public transit through 2005 and 2006.

In addition, as per its 2003 election platform, the government should consider modifications to the *Development Charges Act* to support the use of development charges to promote brownfields and greyfields redevelopment, including the adoption of additional charges on greenfields development to facilitate development-charges relief on intensification and redevelopment projects. More broadly, the act should be amended to ensure that municipali-

ties are able to recover the full range of infrastructure costs associated with new development.

The provincial government has also yet to fulfill commitments to reform land transfer tax rebate programs to remove incentives to sprawl, to support intensification and redevelopment. Similarly, there has yet to be movement on the widening of the municipal revenue base beyond property taxes, development charges, and user fees, to include such things as an optional municipal tax on hotel rooms. Finally, the Province should consider giving municipalities greater flexibility to experiment with structural reforms of their property tax systems to promote redevelopment, infill, and other more sustainable urban development patterns.

2.4 Governance Structures

Municipal governments in Ontario work within the policy and legislative framework provided to them by the Province. The Province, for example, defines the basic structures and geographic boundaries of

municipal governments. Municipalities' legislative and licensing powers are limited to those provided through the provincial *Municipal Act*. As well, provincial legislation establishes and defines the powers of agencies and other bodies that coordinate activities across municipal borders, such as conservation authorities and the Greater Toronto Services Board that existed between 1999 and 2001. The role, structure, and authority of the Ontario Municipal Board are also defined through provincial legislation.

The rules for municipal electoral processes and election financing are also established through provincial legislation.

Table 9 outlines the provincial smart growth policies on governance issues identified in the Pembina Institute's February 2003 report, the commitments made in relation to these policies by the Ontario Liberal Party in its October 2003 election platform and during the election campaign, and the government's progress to date on these policies and commitments.

Table 9: Governance Structures

Smart Growth Policies	Platform ¹⁵³ and Campaign Commitments	Action to Date
Provide for regional integration of key services and infrastructure, particularly public transit, while ensuring that suburban interests do not overwhelm the interests of the urban core.	<p>"We will develop a long-term plan for managing growth responsibly in the Golden Horseshoe. It will take into account expected population growth and infrastructure needs, without developing areas that provide our food, water and recreation." (Pg. 17.)</p> <p>We will bring a region-wide approach to identifying and meeting GTA transit needs, by creating a Great Toronto Transportation Authority." (Pg. 21.)</p> <p>The GTTA mandate includes "more GO trains on existing lines, expanded GO parking, new vehicles for the TTC and removal of highway bottlenecks." (Pg. 21.)</p>	<p>GGH "Growth Plan" discussion paper released in July 2004¹⁵⁴ and draft plan February 2005.¹⁵⁵</p> <p>Consultations are occurring on the mandate and structure of a Greater Toronto Transportation Authority.</p>

... continued

<p>Undertake Ontario Municipal Board reform:</p> <ul style="list-style-type: none"> • Reform the appointments process to ensure qualified and unbiased appointees. • Reform the appeal process to include a “leave to appeal” test to only permit appeals to be initiated once a municipal decision has actually occurred, and limit the OMB to setting aside municipal decisions for reconsideration, rather than substituting its own decision. • Provide funding for bona fide community and public interest interveners in the OMB hearings process. 	<p>“We will prevent developers from forcing unwanted municipal expansion, and we will give municipalities more time to consider development applications.” (Pg. 16.)</p>	<p>Bill 26, the <i>Strong Communities Act</i>, adopted in November 2004, eliminates the automatic right of appeal where the rezoning of lands as urban settlement areas are sought, and increases the time period before appeals can be initiated for certain other types of decisions.¹⁵⁶</p> <p>Bill 26 requirements that decisions “be consistent with” the PPS applies to OMB decisions.</p> <p>A discussion paper on wider OMB reform was released in June 2004.¹⁵⁷ The topics on which public input was sought included the role of the OMB appeal process in land-use planning, and potential improvements to the appointments process. No further action has been taken on OMB reform to date.</p> <p>The issue of intervener funding is not addressed in the discussion paper.</p>
<p>Reform the municipal electoral finance system to prohibit donations from corporations, unions, and other third-party organizations. Limit contributions to individuals who reside in the municipality. Place financial limits on individual donations.</p>		<p>A Democratic Renewal Secretariat was established in October 2003, but no specific election financing reform proposals have been issued to date.</p>

2.4.1 Analysis and Commentary

2.4.1.1 Ontario Municipal Board Reform

The need for the reform of Ontario Municipal Board’s role (in the planning process and processes by which board members are appointed has been a focus of significant public attention over the past few years.¹⁵⁸ The importance of OMB reform has taken on added importance, given the board’s role in the interpretation and enforcement of the revised PPS, particularly in the context of the Bill 26 amendments to the *Planning Act*. The amendments require that planning decisions “be consistent with” the policy statement. The board will also play a large role in the interpretation and implementation of the GGH

Greenbelt Plan and, eventually, the proposed GGH Growth Plan.

A discussion paper on wider reform of the OMB was released in June 2004.¹⁵⁹ The discussion paper sought public input on issues related to the scope of the board’s mandate and decision-making powers. These questions include whether there should be an appeal mechanism for land-use planning decisions and whether it is appropriate for the board to substitute its own planning decisions for municipal council planning decisions that it finds “faulty.” The discussion paper also sought input on methods to improve the qualifications of OMB members, including the reform of the appointments process. No

further action has been taken on OMB reform by the government to date.

The Bill 26 amendments to the *Planning Act* requiring the consistency of decisions with the PPS are binding on the OMB itself. These provisions of the legislation reduced the scope of discretion available to the board in formulating its decisions, as the board's decisions must now conform with the PPS.

The need for the reform of the OMB appointments process and the establishment of an intervener funding mechanism for bona fide public interest interveners before the board were highlighted in many responses to the government's discussion paper.¹⁶⁰

2.4.1.2 Greater Toronto Transportation

Authority

Consultations on the mandate and structure of the proposed Greater Toronto Transportation Authority (GTTA) have taken place. However, no formal policy statements have been made to date.

The GTTA proposal is controversial. The focus of the authority on public transit and other non-automobile transportation modes, versus roads and highways, remains uncertain. The authority's role in the distribution of revenues from the provincial gasoline tax allocation for public transit, if any, is also unclear. In addition, there are concerns regarding the role and structure of the authority with respect to the Toronto Transit Commission, and the possibility that the authority will divert capital investments towards trying to provide public transit services in low-density outer suburbs where service cannot be provided cost-effectively.¹⁶¹

The design of the authority will be challenging, as different regions of the Greater Toronto Area have very different needs regarding transportation financing and incentives. Within the City of Toronto, for example, the existing urban form is largely well suited to public transit service, and the most critical needs are for operating and maintenance support to reverse the fall in ridership that has resulted from declining service quality and reliability.¹⁶² By contrast, in large areas of the 905 region, significant changes in existing land-use patterns, including increased mixed uses, intensification, and the establishment of nodal areas will need to accompany large-scale investments in public transit services, if these investments are to make public transit more attractive and economically sustainable.

2.4.1.3 Municipal Election Finance Reform

The Democratic Renewal Secretariat, created in October 2003, has not included provincial or municipal election finance reform in its current work plan.¹⁶³

2.4.1.4 Municipal Act Review

A review of the *Municipal Act* was initiated by the Ministry of Municipal Affairs and Housing in June 2004. The scope of the review includes spheres of jurisdiction and accountability measures, codes of conduct, integrity commissioners, and lobbyist registries.¹⁶⁴

2.4.2 Next Steps

The completion of the OMB reform initiative, launched by the government in June 2004, has taken on additional importance, given the central role that the board will play in the enforcement of the revised PPS as a result of the Bill 26 amendments to the *Planning Act*. The board will also play a major role in dealing with any challenges to the implementation of the GGH greenbelt plan and proposed growth plan in municipal official plans and planning decisions. Improvements to the appointments process and the establishment of intervener funding mechanisms for bona fide public interest interveners in OMB hearings are particularly important priorities in this regard.

Discussions regarding the design and role of the proposed GTTA have been taking place for some time. These discussions should be moved into a more formal public consultation phase in the near future.

The Province has not taken action on municipal election finance reform to date.

3. Conclusions and Next Steps



GREGOR BECK

3.1 Smart Growth Progress Since October 2003

Significant developments in urban sustainability issues have occurred in Ontario over the past nine months. Major amendments to the *Planning Act* have been adopted through Bill 26, and a revised PPS has come into force. A GGH greenbelt has been established, and the Province has delivered on a funding formula for the dedication of a portion of provincial gasoline tax revenues for public transit and has begun to provide funding to municipalities under the program.

Other elements of the Province's initiatives remain works in progress, and their final directions are less clear. The GGH Growth management initiative, and accompanying legislation, is still at a developmental stage, while there has been no movement on broader reforms to the *Planning Act* and OMB appeal process around which discussions were initiated in June 2004.

At the same time, other commitments contained in the government's 2003 election platform have been given little attention, such as the reform of the development-charges system and land-transfer tax-rebate program to promote more sustainable urban development patterns, or the broadening of the municipal revenue base beyond development

charges, property taxes, and user fees.

Specifically, the revised PPS, in combination with the requirement that municipal planning decisions 'be consistent with' its direction, has the potential to have a significant positive impact on future development patterns. The new PPS incorporates a more rigorous approach to the issue of settlement area boundary expansions and emphasizes intensification and redevelopment.

Although representing a significant achievement in terms of the protection of natural heritage, prime agricultural lands and hydrologic systems, the GGH greenbelt is unlikely to affect urban development patterns in the short term. For the most part, the inner boundaries of the greenbelt are too far out to impact development patterns for many years to come. The outer boundaries did not incorporate a number of areas within the GTA commutershed at risk for "leapfrog" development.

The Province's source water protection initiatives remain incomplete. It is likely that municipal official plans will be required to conform to source water protection plans under the Province's proposed source water protection legislation. However, the source water protection planning process is still at the design stage.

Despite the GGH growth plan initiative, transportation infrastructure remains poorly integrated with

the Province's overall directions of land-use planning, which emphasize transit, intensification, and redevelopment, rather than outwards automobile-dependent sprawl. To date, the individual environmental assessments of these projects have failed to examine their likely impacts on future development patterns, as well as air quality and greenhouse gas emissions.

The Province's initiatives have also incorporated a few elements that are contrary to a sustainability vision. The strengthening of the already significant overrides given to aggregates development in PPS over other potential land uses, and the incorporation of similar overrides in the greenbelt plan, are particularly noteworthy in this regard.

3.2 The Key Next Steps

Several crucial steps will be required over the next six months to complete the initiatives set in motion by the provincial government.

3.2.1 Completion of OMB reform

The completion of the OMB reform initiative, launched by the government in June 2004, has taken on additional importance, given the central role that the board will play in the enforcement of the revised PPS as a result of the Bill 26 amendments to the *Planning Act*. The board will also play a central role in dealing with any challenges to the implementation the GGH greenbelt plan and proposed growth plan through municipal official plans and planning decisions.

Recommendations

- The Province should carry through with further reforms to the OMB and its appeal process. In particular:
- The OMB appointments process should be reformed following the model established by former Attorney-General Ian Scott regarding provincial court appointments. In particular, there should be an open call for qualified applicants when there are openings on the board, as is the case with provincial court judges. A non-partisan, lay advisory committee should be established to review applications and present a short list of qualified candidates for the Attorney-General to choose from.
- An intervener funding mechanism for bona fide public interest interveners in OMB hearings, following the model of the *Intervener Funding Project Act*, should be established.

3.2.2. Policy Direction for Infrastructure Programs

The direction of large infrastructure projects, particularly provincial highway initiatives, remains a significant issue. The proposed GGH growth plan exercise has incorporated considerable new research and consultation on land-use planning and urban development questions but has not provided a meaningful examination of the rationale for the provincial highway expansion projects or their likely impacts on future development patterns.

The individual environmental assessment processes for these projects also fail to examine these issues. Impacts on air quality, climate change, and sustainability of future development patterns have been excluded from consideration in the assessment of alternatives in the terms of reference for the environmental assessment of projects (e.g., 407 East). In other cases, projects are continuing on the basis of approvals granted under circumstances that are now vastly changed (e.g., 404 north extension)

Recommendations

- The Province should better integrate transportation planning, particularly for the movement of goods, with land-use planning in the GGH growth management plan and other infrastructure initiatives. The GGH growth plan should incorporate targets for reducing automobile use in the region.
- Terms of reference for individual environmental assessments for major transportation projects involving new highways or highway expansions or extensions require that the criteria for assessing alternative methods to address the transportation need include:
 - The impact of alternatives on future land-use patterns (induced development) and how this development would support or contradict regional and local land-use and growth management policies
 - A full assessment of the air quality impacts and greenhouse gas emissions associated with the alternative
 - The degree to which alternatives support existing federal, provincial, and municipal air quality, greenhouse gas reduction, public health, and land-use and transportation policies.
 - The total financial, social, and environmental costs and benefits of alternatives.

Many municipalities are proposing major transit expansion projects,¹⁶⁵ which will require financial

support from the Province, and the Province might not be able to provide financial support for all these undertakings.

Recommendations

- The Province should establish clear criteria for decision making regarding municipal requests for capital assistance with transit expansion projects. As recommended by the National Round Table on the Environment and Economy¹⁶⁶ (reproduced in Appendix 2), these criteria need to consider such factors as:
 - Whether the municipality has adopted transit supportive land-use policies
 - Whether proposed transit centres and corridors will achieve densities and population levels needed to make higher order transit viable
 - Whether the municipality's own infrastructure directions and investments support non-auto-mobile-dependent development patterns.

3.2.3 Resolve Outstanding Fiscal Issues

The allocation of a portion of provincial gasoline tax revenues to public transit and the increased capital funding for public transit contained in the 2004 and 2005 Budgets are important steps in making the province's fiscal and taxation framework more supportive of sustainable urban development patterns. However, the government needs to make additional reforms to the property tax and development-charge systems, and to widen the municipal revenue base.

The government needs to fulfill its platform commitments regarding the reform of the Land Transfer Tax Rebate program and development charges, and give municipalities discretion to apply taxes to hotel room bills. Secondly, deeper changes to the property tax system are needed, including the separation of the land and building components, and the elimination of property tax rebates for vacant commercial and industrial buildings.

Recommendations

- The *Development Charges Act* should be amended to support the use of development charges to promote brownfields and greyfields redevelopment, including the adoption of additional charges on greenfields development to facilitate development-charges relief on intensification and redevelopment projects. More generally, the act should be amended to ensure that municipalities are able to recover the full range of infrastructure costs associated with new development.
- The Land Transfer Tax Rebate Program should be reformed to provide incentives for intensification

and redevelopment of existing urban areas rather than greenfields development.

- The province should permit municipalities to seek additional non-property tax, user fee, or development-charge based revenue streams, such as charges on hotel room bills
- The province should permit municipalities greater discretion in the design of the property tax systems to promote redevelopment.

3.2.4 Provincial Support and Guidance on Planning Reform and Growth Management implementation

The adoption of Bill 26 and a revised PPS more reflective of smart growth and urban sustainability principles are important developments. However, several additional steps are required to make these steps fully effective, especially as municipalities move to bring their official plans into conformity with the revised PPS and, in the GGH, the Greenbelt Plan as well.

Recommendation:

- The Province should provide detailed guidance on the assessment of future development capacity and land requirements, particularly concerning the potential for redevelopment and intensification, and the use of designated growth areas, for the purposes of determining the need for settlement area boundary expansions. Provincial support and assistance is also required in the identification of natural heritage features and prime agricultural and source water related lands.

3.2.5. Mineral Aggregates

The revised PPS and the Greenbelt Plan incorporate strong overrides for mineral aggregate extraction over other land uses. These provisions seem likely to exacerbate existing land-use conflicts with respect to aggregates development, while providing no incentives for the efficient use of the resources.

Recommendation

- The Province should develop a conservation strategy for mineral aggregates, emphasizing the reduction of demand for primary aggregates through the redesign of infrastructure and the use of recycled and secondary materials.

3.3 Conclusions

In the aftermath of the 1995 provincial election, the provincial government almost completely withdrew from providing policy direction in land-use planning, while also removing provincial funding support for public transit. However, this approach of disengagement from urban development issues was soon found to be untenable. Increasingly sophisticated understandings of the adverse environmental, economic and social implications of the continuation of “business as usual” development patterns, particularly in the Greater Golden Horseshoe, resulted in demands for provincial policy and financial reengagement from municipalities, conservation and economic interests, and the public.

As a result, from 2001 onwards, and particularly since October 2003, the Province has gone through an intensive period of consultation and policy development on urban growth and development issues. The results have included the development and adoption of the *Oak Ridges Moraine Conservation Act* and Plan, a GGH *Greenbelt Act* and Plan, major amendments to the *Planning Act*, the adoption of a revised PPS, and the reentry of the Province into the provision of capital expansion and operating support to public transit.

Provincial growth management planning and source water protection initiatives are still underway. However, the focus is now shifting from provincial policy formulation to municipal level implementation. The Province needs to support these processes with guidance and technical assistance and the provision of clear criteria through which requests for financial support will be assessed. The Province must also ensure that its own initiatives are consistent with the policy directions it has set for municipal governments. These steps are essential to translating the Province’s policy initiatives into developing more environmentally, economically, and socially sustainable urban communities in Ontario.

Appendix 1: Urban Sustainability and Smart Growth in Ontario — A Chronology

June 1992 Report of the Commission on Planning and Development Reform in Ontario. Report places strong emphasis on compact development, non-automobile transportation modes, preservation of prime agricultural land and ecologically significant areas.

March 1995 Amendments to the Planning Act adopted to implement Commission on Planning and Development reform recommendations. Complete set of provincial policy statements adopted.

March 1996 Adoption of Bill 20, the Land-Use Planning and Protection Act, and adoption of new provincial policy statement. Key reforms flowing from Commission on Planning and Development Reform repealed.

May 1996 1996 Provincial Budget. Land Transfer Tax Rebate on purchases of newly built homes introduced.

January 1997 Mega-week announcements of restructuring of provincial–municipal relationship. Provincial capital and operating funding for public transit and sewer and water infrastructure terminated.

May 1997 Fair Municipal Finance Act introduced market value assessment. Includes provisions to reduce the property tax burden on farm, managed forest and conservation lands.

December 1997 Development Charges Act enacted. Legislation limits ability of municipalities to require that developers internalize the infrastructure costs for new developments through development charges.

January 1998 Forced amalgamation of the City of Toronto.

October 1998 Energy Competition Act enacted.

December 1998 Fairness to Property Taxpayers Act enacted. Introduces significant limitations on the

ability of municipalities to set and modify property tax rates.

January 1999 Great Toronto Area Services Board established to review and promote integration of public transit systems in the GTA.

December 1999 SuperBuild Corporation established with five-year mandate to achieve \$20 billion in infrastructure investments through provincial, broader public sector and private sector partnerships.

May 2000 2000/01 Provincial Budget. SuperBuild investments of \$1.049 billion in highways, \$62 million in “other transportation” announced.

January 2001 Greater Toronto Area Services Board disbanded. Premier Harris makes speech to Ontario Real Estate Board, expressing concern over congestion and urban sprawl, and introducing the concept of smart growth.

April 2001 Province announces smart growth initiative. Key feature is regional multi-stakeholder smart growth panels. Central Region panel includes the GTA and Niagara Regions.

May 2001 Oak Ridges Moraine Protection Act enacted. Provides temporary restrictions on development on the Moraine.

2001/02 Provincial Budget. SuperBuild investments of \$906 million in highways, \$50 million in public transit announced.

July 2001 Five-year review of Provincial Policy Statement initiated. Public consultations end October 2001. No changes in Policy Statement to date.

September 2001 Announcement of new capital funding commitment for public transit of \$300 million per year over ten years.

November 2001 Brownfields Statute Law Amendment Act adopted. Addresses certain issues related to liability and financing of brownfields redevelopment.

December 2001 Revised Municipal Act adopted. Oak Ridges Moraine Conservation Act enacted and plan adopted.

January 2002 First report of the Walkerton Inquiry released.

May 2002 Competitive electricity market introduced. Second report of the Walkerton Inquiry released. 2002/03 Provincial Budget. SuperBuild investments of \$1.03 billion in highways, \$193 million in public transit announced.

August 2002 Interim Report of the Central Region Smart Growth Panel. Recognizes linkages between land use and transportation and between transportation and air quality.

November 2002 Competitive electricity market terminated.

December 2002 Sustainable Sewerage and Water System Act enacted. Safe Drinking Water Act enacted.

February 2003 Release of Central Region Smart Growth Panel discussion paper, Shape the Future. Report highlights linkages between transportation and land use and the need to protect ecologically significant areas, but also emphasizes development of network of transportation "corridors" (i.e., highways).

March 2003 March 27: 2003/04 Provincial Budget. Budget includes \$1.055 billion for highway expansion, \$359 million for public transit.

April 2003 April 17: Central Region Smart Growth Panel releases final report, Shape the Future. Report highlights linkages between transportation and land use and the need to protect ecologically significant areas, but also emphasizes development of network of transportation "corridors" (i.e., highways).

April 21: Advisory Committee on Watershed-based Source Water Protection Planning tables report. Report follows up on recommendations of Part II of the Walkerton Inquiry regarding source water protection, and makes strong connections between source water protection and land-use planning.

May 2003 May 5: Northwestern Ontario Smart Growth Panel releases final report.

May 7: Bill 25, the Smart Transportation Act, introduced. Legislation would permit Minister of Transportation to override municipal land-use plan-

ning decisions and the Environmental Assessment Act in the location of transportation infrastructure corridors (i.e., highways).

May 27: Northeastern Ontario Smart Growth Panel releases final report.

June 2003 June 4: Government announces transportation investments in Central Region. In addition to expansion of GO Transit service, the announcement highlights the government's plans to construct a grid of highways across the Golden Horseshoe.

June 16: City of Burlington and Halton Region apply for judicial review of the environmental assessment of the proposed Mid-Peninsula Highway, stating that the terms of reference for the environmental assessment fail to consider alternatives to the highway or to review the highway's full environmental impact.

June 18: Richmond Landfill decision by Ontario Divisional Court requiring that environmental assessments of projects under the Environmental Assessment Act include consideration of the need for projects and "alternatives to" projects. The decision has major implications for the province's highway expansion program, as environmental assessments for the new highways were proceeding without consideration of need and "alternatives to" (i.e., consideration of public transit and rail as alternatives to new highways).

June 27: In the face of public opposition, litigation by the City of Burlington and Halton Region, and the Richmond Landfill decision, the Ministry of Transportation withdraws the Terms of Reference for the environmental assessment of the Mid-Peninsula Highway for revision.

July 2003 July 3: Government announces renewable portfolio standard for renewable energy sources. Proportion of electricity from renewable sources is to rise from 1% in 2006 to 8% in 2014. No specific legislation or regulations to implement the standard were announced.

Formation of the Ontario Smart Growth Network.

September 2003 September 2: Provincial election called.

October 2003 October 2: New provincial government elected.

October 16: Premier-elect states intention to halt suburban development of key areas of the Oak Ridges Moraine.

October 23: New provincial government takes

office. Ministry of Public Infrastructure Renewal created. Democratic Renewal Secretariat created.

November 2003 November 14: David Johnson replaced as OMB Chair.

November 21: Government withdraws from campaign commitment regarding housing on the Oak Ridges Moraine. Announces intention to proceed on broader Planning Act reforms.

December 2003 December 11: Canada-Ontario Agricultural Policy Framework Implementation Agreement announced.

December 15: Bill 26, the Strong Communities Act, introduced.

December 16: Bill 27, the Greenbelt Protection Act, introduced.

December 17: 2003 Economic Outlook and Fiscal Review by Minister of Finance. Commitment of portion of provincial gasoline tax revenues to public transit deferred.

February 2004 February 12: White Paper on Watershed-Based Source Water Protection White Paper released.

February 16: Greenbelt Task Force established.

February 27: Ministry of Public Infrastructure Renewal infrastructure's funding discussion paper released.

March 2004 March 15: Municipalities provided greater discretion regarding business property tax levels for the coming fiscal year.

March 31: Federal-provincial-City of Toronto TTC funding announced.

April 2004 April 21: Addition of 1,432 ha of provincial land to the Rouge Park.

April 28: Bill 27, the Greenbelt Protection Act, passes Second Reading.

April 30: Transfers of farms within families exempted from Land Transfer Tax.

May 2004 May 6: Federal-provincial-municipal and rural infrastructure letter of intent announced.

May 7: Federal-provincial-municipal GO Transit funding announced.

May 13: Bill 26, the Strong Communities Act, passes Second Reading.

May 14: Federal-provincial-Ottawa light rail transit funding announced.

May 17: Greenbelt Task Force discussion paper released.

May 18: 2004 Provincial Budget. Budget includes commitment of portion of provincial gasoline tax revenues to public transit, increase in public transit capital funding, and increase in the Ministry of Environment and Ministry of Natural Resources capital and operating budgets for drinking water and source water protection initiatives. Funding levels for highway expansion consistent with previous years.

June 2004 June 1: Draft revised Provincial Policy Statement and discussion papers on broader Planning Act reform and OMB reform released.

June 10: Bill 27, the Greenbelt Protection Act, reported out of committee.

June 17: Adoption of brownfields cleanup regulations announced.

June 22: Municipal Act review initiated by Ministry of Municipal Affairs.

June 23: Draft Drinking Water Sources Protection Act placed on Environmental Bill of Rights registry for public comment.

June 24: Bill 27, the Greenbelt Protection Act enacted. Review of provincial environmental assessment process announced.

July 2004 July 12: Release of first draft growth plan for the Greater Golden Horseshoe

October 2004 October 1: Regulation providing liability relief for brownfields redevelopment comes into force.

October 22: Government announces distribution formula for portion of gasoline tax revenue to be dedicated to public transit.

October 28: Bill 135, The Greenbelt Act introduced. Bill 136, The Places to Grow Act introduced.

November 2004 November 17: \$12.5 million funding for conservation authorities announced to support source water protection background studies.

November 30: Bill 26, the Strong Communities Act receives Royal Assent.

December 2004 December 8: Greenbelt Protection Act planning freeze extended to March 2005.

December 14: Revised Water Taking and Transfer Regulation announced. Source water protection technical and implementation committee reports released.

January 2005 January 14: Draft terms of reference for environmental assessment for "Niagara to GTA" corridor (i.e., the mid-peninsula highway) released.

January 17: Ministry of Environment approves

terms of reference for environmental assessment of 407 east extension. Ministry of Public Infrastructure Renewal publishes background papers on GGH growth management.

February 2005 February 16: Second Draft GGH Growth Management Plan released.

February 21: Revised Provincial Policy Statement Released.

February 24: Bill 135 The Greenbelt Act receives Royal Assent.

February 28: Final Greenbelt Plan released.

March 2005 March 1: Revised Provincial Policy Statement comes into force.

March 10: Simcoe County Intergovernmental Action Plan announced regarding growth management.

April 2005 April 5: Release of the report of the Minister's Environmental Assessment Advisory Panel.

May 2005 May 11: 2005-2006 Provincial Budget tabled. Includes \$513 million transit capital and \$1.1 billion highway capital expenditures.

Appendix 2:

National Round Table on Environment and Economy Infrastructure Funding Criteria¹⁶⁷

Supporting the Use of Urban Transit

Recommendation 4: This investment should target growing urban regions where there are opportunities to discourage land use that does not support transit and to significantly increase the net number of transit riders. Federal funding should be allocated according to a basic yet effective set of criteria, such that project proponents:

- a) show how the proposed transit investment fits into a comprehensive, longer-term plan to support transit ridership and, specifically, increase the share of trips taken by urban transit;
- b) estimate the net number of new transit riders who will be attracted from cars as a result of the investment;
- c) indicate how the attractiveness of transit will be improved relative to the automobile (e.g., traveler cost, travel times, convenience);
- d) quantify investment in transit versus investment in automobile-related travel;
- e) document a comprehensive approach to achieving land use patterns that will support transit ridership, including area-wide planning policies; transit node and corridor-specific land use policies; and area-wide, transit node and corridor-specific municipal pricing policies (e.g., development charges, property taxes, user fees);
- f) create a transportation demand management plan;
- g) quantify the net cost of the investment per new transit rider;
- h) indicate the financial contributions and roles of other partners, including provincial and municipal governments, other agencies, and the private sector;
- i) document the environmental and economic benefits of the investment (e.g., reductions in greenhouse gas emissions, road infrastructure investments averted, congestion costs averted); and
- j) monitor the results (e.g., actual net number of new transit riders, development in identified transit nodes and corridors).

Promoting Sustainable Infrastructure

Recommendation 6: That the granting of federal infrastructure funding be subject to a practical, performance-based set of criteria that ensures funded projects make substantial contributions to improved environmental quality in a cost-effective manner. Proponents should be required to submit a Sustainable Community Investment Plan, outlining the needs to be addressed by the infrastructure investment and demonstrating:

- a) how the proposed infrastructure investment fits into a comprehensive, longer-term investment plan for improving urban environmental quality;
- b) how existing infrastructure capacities have been or will be fully exploited;
- c) how all options for jointly addressing infrastructure needs with surrounding municipalities or other relevant entities have been explored and fully exploited;
- d) a comprehensive approach to managing the demand for the infrastructure (for example, for transportation infrastructure, a transportation demand management plan is required; for water-related projects, a metering program);
- e) that a range of alternative options for solving infrastructure needs—including other types of infrastructure—have been explored;
- f) a life-cycle costing analysis of the proposed project and alternatives;
- g) financial contributions and roles of other partners, including provincial government, municipal government, other agencies and the private sector; and
- h) a quantification of the expected environmental improvements in terms of air, water or soil quality of the proposed project and the alternatives.

Endnotes

- 1 Ontario Liberal Party, 2003, *Growing Strong Communities: The Ontario Liberal Plan for Clean, Safe Communities that Work* (Toronto: Ontario Liberal Party).
- 2 Statistics Canada, 2002, *2001 Census Analysis Series—A Profile of the Canadian Population: Where We Live* (Ottawa: Statistics Canada).
- 3 Ministry of Finance, 2004 *Ontario Budget 2004: Paper B: Ontario's Economy* (Toronto: Ministry of Finance), 95.
- 4 For a detailed discussion of the evolution of development patterns in the region see P.Blais et.al. 2000, *Inching Towards Sustainability: The Evolving Urban Structure of the GTA* (Toronto: Neptis Foundation).
- 5 York Region, 2002, *Official Plan Consolidation*, p.36.
- 6 York Region, 2002, *Transportation Master Plan*, p.23-4.
- 7 Defined as the City of Toronto and Durham, York, Peel, Halton and Niagara Regions
- 8 IBI Group in association with Dillon Consulting Ltd, 2002, *Toronto-Related Region Futures Study/ Interim Report: Implications of Business-As-Usual Development* (Toronto: Neptis Foundation).
- 9 Recent research completed for the Ministry of Public Infrastructure Renewal suggests that population growth may reach 11.5. million. See Hemson Consulting Ltd., 2005, *Growth Outlook for the Greater Golden Horseshoe* (Toronto: Ministry of Public Infrastructure).
- 10 See for example, E. Slack, L. S. Bourne, and M. S.Gertler, 2003, *Vibrant Cities and City-Regions: Responding to Emerging Challenges*, (Paper prepared for the Panel on the Role of Government, Government of Ontario)
- 11 See, for example, TD Economics, 2002, *The Greater Toronto Area (GTA): Canada's Primary Economic Locomotive in Need of Repairs* (Toronto: Toronto Dominion Bank Group).
- 12 See, for example, E. Slack, 2002, *Municipal Finance and the Pattern of Urban Growth* (Toronto: C.D. Howe Institute).
- 13 See, for example, the Ontario Smart Growth Network at <http://www.greenontario.org/smartgrowth/>.
- 14 Central Ontario Smart Growth Panel, 2003) *Shape the Future: Final Report* (Toronto: Ministry of Municipal Affairs).
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